

**MEMORANDUM**

January 29, 2016

TO: Government Operations and Fiscal Policy Committee  
Health and Human Services Committee

FROM: Linda McMillan, Senior Legislative Analyst *LM*

SUBJECT: **Worksession - Resolution to Approve Declaration of No Further Need:  
Disposition of Space in New Silver Spring Library to Levine Music**

***Expected for this session:***

Greg Ossont, Deputy Director, Department of General Services (DGS)  
Peter Jablow, President and CEO of Levine Music  
Karen Shepherd, Director of Maryland Campus of Levine Music  
Rita Gale, Department of Public Libraries

**Background**

On January 12, 2016 the Council introduced a resolution to approve the Executive's Declaration of No Further Need for approximately 9,000 square feet of the 2<sup>nd</sup> floor of the new Silver Spring Library (©1-2). If approved, the Executive will enter into a lease with Levine Music for music education and performance space.

As required by the property disposition process, the Council was sent the material terms for this proposed long-term lease on November 20, 2015 (©4-5). On January 5, 2016, the Executive forwarded Executive Regulation 189-15, Disposition of Silver Spring Library 2<sup>nd</sup> Floor, 900 Wayne Avenue, Silver Spring, Maryland. This is the Executive's Declaration of No Further Need (©6-8).

- The Executive is proposing disposing of about 9,000 square feet of space.
- The lease will have a 10-year initial term with two 5-year renewals.
- Levine Music will build-out the space at a cost of about \$500,000.
- Levine Music will pay a pro-rata share of utilities and operating expenses.

- Levine Music is responsible for signage, internal security for its space, and the cost of parking in the County garage.
- Levine Music will offer performances and events that are coordinated with library services.
- The Executive requests the Council waive the requirement for a full-market transaction.

The November 20, 2015 memo noted that this will be the second Montgomery County location for Levine Music and that it will allow it to benefit from the Arts and Entertainment District assets that the Silver Spring area provides.

This disposition is for the approximately 9,000 square feet on the second floor. It does not dispose of the 2,970 square feet of available space on the basement floor or the 3,939 square feet of space available on the ground floor.

### **Request for Proposal**

Levine Music was selected from responses received to a 2015 Request for Proposals (RFP). The RFP sought proposals from organizations wanting to use all or part of the space in the library that was intended for arts, cultural, and education programming. The RFP included four objectives:

1. Contribute to the mission of the Montgomery County Public Libraries, creating a synergy that enhances the enjoyment and use of the Silver Spring Library.
2. Enhance and strengthen a cultural destination space in the Silver Spring Central Business District.
3. Provide cultural and educational opportunities to the residents of Montgomery County and enhance the quality of life in the County.
4. Contribute to the development of cultural opportunities in Montgomery County by making available public space for studios, public exhibitions, education, and/or development of creative partnerships.

An organization responding must be:

1. Locally or nationally recognized as a professionally managed and an effective organization;
2. An established organization with a proven track record at fundraising;
3. Financially viable; and must have
4. Developed programs with a wide range of different activities.

### **Additional Information**

Council staff requested clarification on the following issues related to the material terms.

1) How will the utility and operating costs increase/decrease as County costs change?

**DGS Response:** The costs will be escalated year-to-year, beginning in the 5<sup>th</sup> lease year. Utilities will be based on estimated usage and subject to a cap of 1.9% per year. Operating Costs will be a fixed increase of two percent (2%).

2) Are there any requirements for sound-proofing in the build-out of the space to be used by Levine Music?

**DGS Response:** While there is no lease requirement, Levine Music will include sound-proofing as a part of their build-out. The County will approve their contractors and plans.

3) What are the specifics of the renewal option?

**DGS Response:** The tenant may renew for two additional five (5) year terms, provided they are not in default and meeting written notice requirements.

4) Must any of the performances be offered free of charge as a part of the lease agreement?

**DGS Response:** Not as a part of the lease agreement. However, Levine Music does offer free and subsidized programming as a matter of practice.

Representatives from Levine Music will provide the joint Committee additional information regarding the construction plans (including how soundproofing will make sure that there is not interference with Library programming) and an overview of the type of programming they plan to provide.

### **Council staff recommendation**

Council staff recommends approval. The space is not needed by the County for other purposes during the proposed lease period and was built to house arts and cultural activities that support the library's programs. Levine Music's plans are responsive to the requirements of the RFP. The Executive has asked the Council to waive the full market value requirement as the lease agreement is not based on a fair market rent.

The Council will hold a public hearing on this disposition on Tuesday, February 2, 2016 at 1:30 p.m. and is scheduled to take action following the hearing. Any Council staff or joint Committee recommendation may be amended based on information received at the public hearing.

Resolution No.: \_\_\_\_\_  
Introduced: January 12, 2016  
Adopted: \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: County Council

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**SUBJECT:** Approval of Declaration of No Further Need: Disposition of Silver Spring Library  
2<sup>nd</sup> Floor, 900 Wayne Avenue, Silver Spring, Maryland, to [the] Levine [School  
of] Music

**Background**

1. Montgomery County Code §11B-45 requires the Council to approve a Declaration of No Further Need before the Executive can dispose of real property that has more than nominal value. Prior to seeking Council approval of a Declaration of No Further Need, the Executive must:
  - (a) submit all material terms of the proposed disposition and any appraisal the Executive relied on in setting the property's market value to the Council; and
  - (b) publish a declaration in the County Register and post a notice on the County website that the County has no further need for the property.If the Council, by resolution, approves the Executive's Declaration of No Further Need, the Executive may dispose of the property for fair market value.
2. On November 20, 2015 the Council received a memo from Greg Ossont, Deputy Director of the Department of General Services, transmitting the County Executive's recommended material terms for the disposition of the 2<sup>nd</sup> Floor of the new Silver Spring Library. The material terms include leasing approximately 9,000 square feet of space to [the] Levine [School of] Music. [The] Levine [School of] Music will build-out the space and will pay a prorate share of utilities and operating expenses. The lease term is 10 years with an option for two five-year renewals. The Executive has requested the Council waive the requirement for a full market value transaction.
3. On January 5, 2016 the Council received Executive Order 189-15, Disposition of Silver Spring Library 2<sup>nd</sup> Floor, 900 Wayne Avenue, Silver Spring, Maryland. This is the County Executive's Declaration of No Further Need.

4. The Government Operations and Fiscal Policy Committee and Health and Human Services Committee held a joint worksession on January 26, 2016 and recommends .....
5. A public hearing was held on February 2, 2016.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

The Declaration of No Further Need for the 2<sup>nd</sup> Floor of the County-owned Silver Spring Library located at 900 Wayne Avenue in Silver Spring, Maryland is approved and the property may be disposed of as described in the material terms provided to the Council on November 20, 2015. The County Council waives the requirement that the disposition be a full market value transaction.

This is a correct copy of Council action.

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Linda M. Lauer, Clerk of the Council



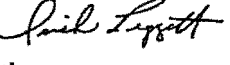
OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
*County Executive*

MEMORANDUM

January 5, 2016

TO: Nancy Floreen, President  
Montgomery County Council

FROM: Isiah Leggett   
County Executive

SUBJECT: Executive Order 189-15 -- Declaration of No Further Need Related to  
900 Wayne Avenue, Silver Spring, Maryland aka "Silver Spring Library"

On November 20, 2015, the Department of General Services submitted material terms related to a proposed disposition of the basement, 1<sup>st</sup> and 2<sup>nd</sup> floors of the Silver Spring Library located at 900 Wayne Avenue, Silver Spring Maryland to Council. (See November 20, 2015 memo attached).

This memorandum is submitted with the attached Executive Order 189-15 as my formal declaration that the identified County property is no longer needed for public use. Executive Order 189-15 was published in the December 2015 *County Register* to give public notice of my intent to proceed with the disposition through leasing of the basement, 1<sup>st</sup> and 2<sup>nd</sup> floors of the Silver Spring Library at 900 Wayne Avenue and indicating my intent to declare that portion of the library no longer needed for public use. There have been no public comments received from the *County Register* advertisement. This disposition is now ready for Council consideration and approval.

I hope this information is helpful. If you have any questions, please feel free to contact me directly or speak with Greg Ossont at 240-777-6192 or at [Greg.Ossont@montgomerycountymd.gov](mailto:Greg.Ossont@montgomerycountymd.gov).

Attachments

cc: Linda McMillian, Senior Legislative Analyst  
Greg Ossont, Deputy Director DGS  
Ramona Bell-Pearson, Assistant Chief Administrative Officer  
Reemberto Rodriguez, Silver Spring Regional Services Director



DEPARTMENT OF GENERAL SERVICES

Isiah Leggett  
County Executive

David E. Diss  
Director

MEMORANDUM

November 20, 2015

TO: George Leventhal, President  
Montgomery County Council

FROM: Greg Ossont, Deputy Director  
Department of General Services

SUBJECT: Silver Spring Library Tenant Space

In January 2015, the Department of General Services issued a solicitation seeking organizations to occupy the basement, 1st and 2nd floors of the Silver Spring Library located at 900 Wayne Avenue. This was advertised as a long term lease opportunity with the intent to incorporate services provided by the lessee with County library Community programming.

Upon review of the proposals, Levine Music was selected to enter into negotiations with the County to lease the 2<sup>nd</sup> floor space of the Silver Spring Library. Levine Music was founded in 1976 as a nonprofit community music school, open to anyone who wanted to learn about and study music, regardless of age, ability, means, or financial circumstances. They currently have four campuses in the Metropolitan Region, one of which is a Montgomery County location within the Music Center at Strathmore. This will constitute a second Montgomery County location that will allow an expansion of their services to another part of the County. This location will also allow Levine Music to benefit from the Arts and Entertainment District assets that the Silver Spring area provides.

In accordance with the provisions of Section 11B-45, Disposition of Real Property, before seeking County Council approval of a declaration of no further need, the County Executive must submit to Council all material terms of the disposition, including the price or rent to be paid and any associated economic incentives and any appraisal that the Executive relied on or will rely on in selling the property at market value. The Department did not conduct a reuse analysis for this portion of the Silver Spring Library facility because Council has already approved this plan to use the basement, first and second floors of the library in this manner. That approved CIP also serves to give notice to County and affiliated Agencies and the public as to the planned use for this portion of the facility. With regard to this intended disposition, Council is entitled to a 30-day comment period prior to seeking Council approval of the County Executive's declaration of no further need.

Office of the Director

101 Monroe Street, 9th Floor • Rockville, Maryland 20850

[www.montgomerycountymd.gov/dgs](http://www.montgomerycountymd.gov/dgs)

Memorandum to Mr. Leventhal  
November 20, 2015  
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Accordingly, the following is a summary of the material terms:

- Levine Music proposes to lease the 2<sup>nd</sup> floor space only. The 2<sup>nd</sup> floor is approximately 9,000 square feet of the total 38,200 net square feet of the library facility.
- Levine would build out the 2nd floor at their expense and operate a Levine Music facility in the Silver Spring Library. The build out concept is attached for your review and is estimated to cost \$500,000.
- In addition to self-funding the build out, Levine has proposed to pay a pro rata share of utilities and operating expenses. Those costs represent the utility and operating expenses that are estimated to result from their second floor activities. They are estimated to be \$3.58/sq. ft. and \$4.00/sq. ft. respectively.
- Levine would be responsible for their own signage on the exterior of the building, internal security system for the tenant space and the cost of parking in the County garage.
- The lease term would be 10 years with an option for two 5-year term renewal extensions. This lease arrangement will not be based on fair market value so the declaration of no further need to be submitted by the County Executive will request Council to waive fair market value for this disposition.
- Levine Music would also offer performances and events coordinated with the County library services. Those performances will provide community benefits such as music therapy offerings; among others, that will coordinate with the national headquarters of the American Music Therapy Association located on Colesville Road. These events will further support the Arts and Entertainment District offerings in the Silver Spring area.

I hope this information is helpful. If you have any questions, please contact me at 240.777.6192 or [greg.ossont@montgomerycountymd.gov](mailto:greg.ossont@montgomerycountymd.gov).

cc: Ramona Bell-Pearson, CEX  
Parker Hamilton, MCPL  
Reemberto Rodríguez, RSC





# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Disposition of Silver Spring Library 2 <sup>nd</sup> Floor 900 Wayne Avenue Silver Spring, Maryland	Executive Order No. 189-15	Subject Suffix ORE
Department of General Services	Department No. ORE	Effective Date 11/25/15

## BACKGROUND

WHEREAS the County owns property located at 900 Wayne Avenue in Silver Spring, Maryland comprised of 58,000 gross square feet and known as the new Silver Spring Library, and

WHEREAS, in January 2015, the Department of General Services issued a solicitation seeking organizations to occupy the Basement, First and Second floors of the library; and

WHEREAS, the solicitation advertised a long term lease opportunity with the intent to incorporate services provided by the lessee with County library community programming; and

WHEREAS, upon review of the proposals, Levine Music, Inc. was selected to enter into negotiations with the County to lease the second floor space in the Silver Spring Library. Levine Music, Inc. was founded in 1976 as a nonprofit community music school, open to anyone who wanted to learn about and study music, regardless of age, ability, means, or financial circumstances. Levine currently has four campuses in the area, one of which is located in Montgomery County at the Strathmore. The proposed lease will allow Levine to expand its services to another part of the County. This location will also allow Levine Music, Inc. to benefit from the Arts and Entertainment District assets that the Silver Spring area provides; and

WHEREAS, the County Executive intends to approve the disposition of the second floor of the Silver Spring Library as leased space for Levine Music, Inc.; and

WHEREAS, the Department of General Services did not conduct a formal reuse analysis for this portion of the Silver Spring Library because the Council previously approved the Capital Improvement Program (CIP) for the library which included a plan to use the basement, first and second floors of the library as potential leased space; and

WHEREAS, the material terms of the lease agreement are as follows:

- Levine Music proposes to lease the second floor space which is approximately 9,000 square feet of the total 38,200 net square feet of the library facility.
- Levine Music proposes to build out the second floor and operate a Levine Music facility in the Silver Spring Library.
- In addition to self-funding the build out, Levine Music has agreed to pay a pro rata share of



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Disposition of Silver Spring Library 2 <sup>nd</sup> Floor 900 Wayne Avenue Silver Spring, Maryland	Executive Order No. 189-15	Subject Suffix ORE
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utilities and operating expenses. Those costs represent the utility and operating expenses that are estimated to result from their second floor programming activities. The costs are estimated to be \$3.58/sq. ft. and \$4.00/sq. ft. respectively.

- Levine Music would be responsible for their own signage on the exterior of the building, internal security system for the tenant space, and the cost of parking in the County garage.
- The lease term would be for a ten-year period with an option for two 5 year term renewal extensions. This lease arrangement will not be based on fair market value so the County Executive will request Council to waive the fair market value for this disposition.
- Levine Music has also offered to provide performances and events coordinated with the County. Those performances will provide community benefits, such as music therapy that Levine Music will coordinate with the national headquarters of the American Music Therapy Association located on Colesville Road. Music therapy is one of many services and performances offered by Levine Music that will further support the Arts and Entertainment District offerings in the Silver Spring area; and

WHEREAS, in accordance with the provisions of Section 11B-45, Disposition of Real Property, the County Executive must issue an Executive Order declaring that County owned or controlled real property is no longer needed for public use.

## ACTION

In consideration of the above recitals, the County Executive declares that the second floor of the Silver Spring library property located at 900 Wayne Avenue in Silver Spring, Maryland is no longer needed for public use and hereby directs the Department of General Services to take all steps necessary to dispose of the second floor through a lease agreement with Levine Music, Inc., in the manner described in this Executive Order.



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Disposition of Silver Spring Library 2<sup>nd</sup> Floor  
900 Wayne Avenue Silver Spring, Maryland

Executive Order No.  
189-15

Subject Suffix  
ORE

Department of General Services

Department No.  
ORE

Effective Date  
11/25/15

Approved as to Form and Legality  
Office of the County Attorney (insofar as  
bond counsel has approved)

By:

Date:

*Clifford D. Dugan*  
11/25/15

APPROVED

*Ramona Bell-Pearson*

Ramona Bell-Pearson

Assistant Chief Administrative Officer

Distribution:

County Council

County Attorney

Department of General Services




MONTGOMERY COUNTY COUNCIL  
ROCKVILLE, MARYLAND

NANCY FLOREEN  
COUNCIL PRESIDENT

MEMORANDUM

December 17, 2015

TO: Isiah Leggett, County Executive

FROM: Nancy Floreen,  Council President

SUBJECT: Council Comments on Material Terms for Disposition of a Portion of the Silver Spring Library to the Levine School of Music

On November 20, 2015 the Council received the material terms for the disposition of 9,000 square feet of space in the new Silver Spring Library. Council staff circulated the material terms. At this time, Councilmembers do not have any comments.

I understand that the Declaration of No Further Need has been advertised in the December County Register and will be transmitted to the Council in January.

In order to expedite the Council's review of this disposition, I am asking that you forward the following information requested by Council staff.

- Clarification on how the utility and operating costs will increase/decrease as County costs change.
- Any requirements for sound-proofing in the build-out of the space to be used by the Levine School.
- The specifics of the renewal option.
- Whether any of the performances must be offered free of charge as a part of the lease agreement.

Please contact Linda McMillan of Council staff or me if you have any questions.

C: Councilmembers  
Greg Ossont, DGS  
Ramona Bell-Pearson, ACAO  
Parker Hamilton, MCPL